

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF ILLINOIS

IN RE:)	In Proceedings
)	Under Chapter 7
DANIEL LAW OFFICES, P.C.)	
)	No. BK 93-50134
)	
Debtor(s)))	
)	
IN RE:)	
)	
WILLIAM DANIEL,)	No. BK 93-30244
)	
Debtor(s))	

OPINION

Magna Bank of St. Clair County, N.A. (hereafter, "bank"), a secured creditor, filed motions for relief from the automatic stay in both of the above-captioned chapter 7 bankruptcy cases on March 19, 1993. In the motions, the bank seeks leave to gain possession of all inventory, equipment, accounts, instruments, documents, title paper and other rights to payment and general intangibles in the possession of either debtor pursuant to the terms of a judgment foreclosing the bank's security interest which was entered in the bank's favor by the Circuit Court in St. Clair County, Illinois prior to the filing of the bankruptcy petitions.

On April 5, 1993, Daniel Law offices, P.C. (hereafter, "corporate debtor")¹ -- but not William S. Daniel (hereafter,

¹Daniel Law Offices, P.C. is a professional service corporation incorporated under Illinois' Professional Service Corporation Act, Ill. Rev. Stat. ch. 32, paras. 415-1 to -16, which "enjoy[s] the powers and privileges and . . . [is] subject to the duties, restrictions, and liabilities of other corporations. . . ." Id. at para. 415-4.

"individual debtor") -- filed a motion to redeem the office furniture as to which the bank is seeking relief from the automatic stay. Corporate debtor's motion contends that the parties have been unable to agree on the value of the office furniture and asks the Court to forestall ruling on the motion for relief from the automatic stay until it determines the value of the furniture. In response, the bank argues that a corporate debtor is not eligible to redeem property under 11 U.S.C. section 722, that the furniture at issue does not qualify for redemption and that its lien does not secure a consumer debt.²

Section 722 of the Bankruptcy Code states:

An **individual** debtor may . . . redeem tangible personal property **intended primarily for personal, family, or household use**, from a lien securing a dischargeable **consumer debt**, if such property is exempted under section 522 of this title or has been abandoned under section 554 of this title, by paying the holder of such lien the amount of the allowed secured claim of such holder that is secured by such lien.

11 U.S.C. § 722 (emphasis added).

The language of section 722 makes clear that the right of redemption belongs to "individual" debtors and that partnership and corporate debtors are excluded from its benefits. E.g., 4 Collier on Bankruptcy § 722.01, at 722-2 (15th ed. 1993). See also In re Circle Five, Inc., 75 B.R. 686, 688 (Bankr. D. Idaho 1987) (holding that a corporation is not an individual under the Bankruptcy Code).

²At a hearing on the motions on April 5, 1993, the Court raised the question of whether a chapter 7 debtor can "cram down" the value of property to be redeemed under 11 U.S.C. section 722. However, the Court need not reach this question, having denied the motion for redemption on other grounds today.

Additionally, section 722 mandates that the redeemed property be "intended primarily for personal, family, or household use" and that the debt secured by the lien be a "consumer debt." E.g., 4 Collier on Bankruptcy, supra, at ¶¶ 722.02, 722.03. Here, the office furniture is listed as an asset of the corporate debtor on its bankruptcy schedules and the bank's lien is listed as a liability. Notably, neither the office furniture nor the bank's lien appear on the individual debtor's schedules. See also In re Circle Five, Inc., 75 B.R. at 688 (debts for a business purpose are not consumer debts and a corporation can not incur a consumer debt). Accordingly, it is obvious that the office furniture is not intended for personal, household use and that the bank's lien did not arise from a consumer transaction.

See Order entered this date.

/s/ Kenneth J. Meyers
U.S. BANKRUPTCY JUDGE

ENTERED: April 4, 1993